

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 DODE-00
PM-05 H-01 L-03 NSC-05 PA-01 SS-15 /108 W
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R 151616Z MAR 78
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC 362
INFO AMEMBASSY ALGIERS
AMEMBASSY TRIPOLI
AMEMBASSY VALLETTA
AMEMBASSY RABAT
AMEMBASSY TOKYO
USMISSION USNATO
COMSIXTHFLT
CINCUSNAVEUR LONDON
EUCOM
USDOCOSOUTH

C O N F I D E N T I A L TUNIS 1900

CINCUSNAVEUR ALSO FOR POLAD; USDOCOSOUTH FOR INTAF

E.O. 11652: GDS
TAGS: MASS TS
SUBJECT: MENZEL BOURGUIBA: JAPANESE INTEREST

1. DURING CONVERSATION MARCH 11 WITH HABIB BOURGUIBA, JR.,
SPECIAL ADVISER TO HIS FATHER, THE PRESIDENT, HE TOLD ME
THAT, WEARING HIS OTHER HAT AS PRESIDENT-DIRECTOR GENERAL
OF THE BANK FOR ECONOMIC DEVELOPMENT, HE IS IN CONTACT
WITH A GROUP OF JAPANESE INDUSTRIALISTS WHO HAVE SHOWN
AN INTEREST IN "TAKING OVER AND MODERNIZING"THE DOCKYARDS
AT MENZEL BOURGUIBA. THE ARRANGEMENT WOULD INVOLVE TURNING
THE WHOLE YARD OVER TO THE JAPANESE, WHO SEEM READY
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TO MAKE A CONSIDERABLE INVESTMENT THERE TO ENABLE THE
YARD TO HANDLE A GREAT QUANTITY OF CLIENTS AND TO PERFORM
REPAIRS NOT POSSIBLE NOW WITH OBSOLETE FRENCH EQUIPMENT.
SOCOMENA, THE TUNISIAN GOVERNMENT-CONTROLLED OPERATING
COMPANY, WOULD GIVE UP ITS OWNERSHIP. A CONSIDERABLE INCREASE
IN LOCAL EMPLOYMENT WOULD RESULT, HE SAID.

2. HE ASKED ME HOW I THOUGHT "WASHINGTON" WOULD REACT TO SUCH A JAPANESE EFFORT. I TOLD HIM MY GUESS WAS THAT WASHINGTON WOULD PROBABLY BE BASICALLY FAVORABLE TO THE VENTURE SINCE IT WOULD UNDOUBTEDLY INTRODUCE TUNIS INTO BIG-TIME SHIP REPAIR FACILITIES AGIN, HELP MEET GOT'S INVESTMENT OBJECTIVES AND PROBABLY CREATE NEW JOBS. I SAID THAT I COULD OT HOLD OUT ANY HOPE OF U.S. NAVY BUSINESS IN VIEW OF THE PRESUMED CONTINUED USE OF THE MENZEL BOURGUIBA FACILITIES BY THE SOVIET FLEET. HE GAVE ME NO INTIMATION AS TO WHETHER SHIP REPAIRS WILL CONTINUE TO BE OFFERED TO THE SOVIETS, BUT SAID HE WOULD BE MEETING AGAIN BEFORE THE END OF THE MONTH WITH THE POTENTIAL JAPANESE INVESTORS AND WOULD LET ME KNOW HOW THE TRANSACTION IS PROGRESSING. WHEN I ASKED THE NAME OF THE JAPANESE GROUP HE COULD NOT REMEMBER IT, CHECKED HIS POCKET DIARY AND DID NOT FIND IT.

COMMENT: IT STRIKES ME THAT A CHANGE IN OWNERSHIP OF THE MENZEL BOURGUIBA DOCKYARD COULD INTRODUCE AN ELEMENT OF "FLUIDITY" INTO THE IMPASSE WE HAVE REACHED VIS-A-VIS THE GOT ON THEIS SUBJECT. I PLAN TO PURSUE THIS SUBJECT WITH BOURGUIBA, JR. AS OCCASION PERMITS.
MULCAHY

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